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(Original Signature of Member)

109TH CONGRESS  
1ST SESSION

# H. R. \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to make technical corrections,  
and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. THOMAS introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

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# A BILL

To amend the Internal Revenue Code of 1986 to make  
technical corrections, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE;**

4 **TABLE OF CONTENTS.**

5 (a) SHORT TITLE.—This Act may be cited as the  
6 “Tax Technical Corrections Act of 2005”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-  
8 wise expressly provided, whenever in this Act an amend-



1 ment or repeal is expressed in terms of an amendment  
2 to, or repeal of, a section or other provision, the reference  
3 shall be considered to be made to a section or other provi-  
4 sion of the Internal Revenue Code of 1986.

5 (c) TABLE OF CONTENTS.—The table of contents for  
6 this Act is as follows:

- Sec. 1. Short title; amendment of 1986 Code; table of contents.
- Sec. 2. Amendments related to the American Jobs Creation Act of 2004.
- Sec. 3. Amendments related to the Working Families Tax Relief Act of 2004.
- Sec. 4. Amendments related to the Jobs and Growth Tax Relief Reconciliation Act of 2003.
- Sec. 5. Amendment related to the Victims of Terrorism Tax Relief Act of 2001.
- Sec. 6. Amendment related to the Transportation Equity Act for the 21st Century.
- Sec. 7. Amendments related to the Taxpayer Relief Act of 1997.
- Sec. 8. Clerical corrections.
- Sec. 9. Other corrections related to the American Jobs Creation Act of 2004.

7 **SEC. 2. AMENDMENTS RELATED TO THE AMERICAN JOBS**  
8 **CREATION ACT OF 2004.**

9 (a) AMENDMENTS RELATED TO SECTION 102 OF  
10 THE ACT.—

11 (1) Paragraph (1) of section 199(b) is amended  
12 by striking “the employer” and inserting “the tax-  
13 payer”.

14 (2) Paragraph (2) of section 199(b) is amended  
15 to read as follows:

16 “(2) W-2 WAGES.—For purposes of this sec-  
17 tion, the term ‘W-2 wages’ means, with respect to  
18 any person for any taxable year of such person, the  
19 sum of the amounts described in paragraphs (3) and  
20 (8) of section 6051(a) paid by such person with re-



1       spect to employment of employees by such person  
2       during the calendar year ending during such taxable  
3       year. Such term shall not include any amount which  
4       is not properly included in a return filed with the  
5       Social Security Administration on or before the 60th  
6       day after the due date (including extensions) for  
7       such return.”.

8               (3) Subparagraph (B) of section 199(c)(1) is  
9       amended by inserting “and” at the end of clause (i),  
10      by striking clauses (ii) and (iii), and by inserting  
11      after clause (i) the following:

12                       “(ii) other expenses, losses, or deduc-  
13                       tions (other than the deduction allowed  
14                       under this section), which are properly al-  
15                       locable to such receipts.”.

16               (4) Paragraph (2) of section 199(c) is amended  
17      to read as follows:

18                       “(2) ALLOCATION METHOD.—The Secretary  
19      shall prescribe rules for the proper allocation of  
20      items described in paragraph (1) for purposes of de-  
21      termining qualified production activities income.  
22      Such rules shall provide for the proper allocation of  
23      items whether or not such items are directly allo-  
24      cable to domestic production gross receipts.”.



1           (5) Subparagraph (A) of section 199(c)(4) is  
2           amended by striking clauses (ii) and (iii) and insert-  
3           ing the following new clauses:

4                   “(ii) in the case of a taxpayer engaged  
5                   in the active conduct of a construction  
6                   trade or business, construction of real  
7                   property performed in the United States  
8                   by the taxpayer in the ordinary course of  
9                   such trade or business, or

10                   “(iii) in the case of a taxpayer en-  
11                   gaged in the active conduct of an engineer-  
12                   ing or architectural services trade or busi-  
13                   ness, engineering or architectural services  
14                   performed in the United States by the tax-  
15                   payer in the ordinary course of such trade  
16                   or business with respect to the construc-  
17                   tion of real property in the United  
18                   States.”.

19           (6) Subparagraph (B) of section 199(c)(4) is  
20           amended by striking “and” at the end of clause (i),  
21           by striking the period at the end of clause (ii) and  
22           inserting “, or”, and by adding at the end the fol-  
23           lowing:

24                   “(iii) the lease, rental, license, sale,  
25                   exchange, or other disposition of land.”.



1           (7) Paragraph (4) of section 199(c) is amended  
2           by adding at the end the following new subpara-  
3           graphs:

4                   “(C) SPECIAL RULE FOR CERTAIN GOV-  
5                   ERNMENT CONTRACTS.—Gross receipts derived  
6                   from the manufacture or production of any  
7                   property described in subparagraph (A)(i)(I)  
8                   shall be treated as meeting the requirements of  
9                   subparagraph (A)(i) if—

10                           “(i) such property is manufactured or  
11                           produced by the taxpayer pursuant to a  
12                           contract with the Federal Government, and

13                                   “(ii) the Federal Acquisition Regula-  
14                                   tion requires that title or risk of loss with  
15                                   respect to such property be transferred to  
16                                   the Federal Government before the manu-  
17                                   facture or production of such property is  
18                                   complete.

19                           “(D) PARTNERSHIPS OWNED BY EX-  
20                           PANDED AFFILIATED GROUPS.—For purposes  
21                           of this paragraph, if all of the interests in the  
22                           capital and profits of a partnership are owned  
23                           by members of a single expanded affiliated  
24                           group at all times during the taxable year of  
25                           such partnership, the partnership and all mem-



1           bers of such group shall be treated as a single  
2           taxpayer during such period.”.

3           (8) Paragraph (1) of section 199(d) is amended  
4           to read as follows:

5           “(1) APPLICATION OF SECTION TO PASS-THRU  
6           ENTITIES.—

7           “(A) PARTNERSHIPS AND S CORPORA-  
8           TIONS.—In the case of a partnership or S  
9           corporation—

10                   “(i) this section shall be applied at the  
11                   partner or shareholder level,

12                   “(ii) each partner or shareholder shall  
13                   take into account such person’s allocable  
14                   share of each item described in subpara-  
15                   graph (A) or (B) of subsection (c)(1) (de-  
16                   termined without regard to whether the  
17                   items described in such subparagraph (A)  
18                   exceed the items described in such sub-  
19                   paragraph (B)), and

20                   “(iii) each partner or shareholder  
21                   shall be treated for purposes of subsection  
22                   (b) as having W-2 wages for the taxable  
23                   year in an amount equal to the lesser of—

24                           “(I) such person’s allocable share  
25                           of the W-2 wages of the partnership



1 or S corporation for the taxable year  
2 (as determined under regulations pre-  
3 scribed by the Secretary), or

4 “(II) 2 times 9 percent of so  
5 much of such person’s qualified pro-  
6 duction activities income as is attrib-  
7 utable to items allocated under clause  
8 (ii) for the taxable year.

9 “(B) TRUSTS AND ESTATES.—In the case  
10 of a trust or estate—

11 “(i) the items referred to in subpara-  
12 graph (A)(ii) (as determined therein) and  
13 the W-2 wages of the trust or estate for  
14 the taxable year, shall be apportioned be-  
15 tween the beneficiaries and the fiduciary  
16 (and among the beneficiaries) under regu-  
17 lations prescribed by the Secretary, and

18 “(ii) for purposes of paragraph (2),  
19 adjusted gross income of the trust or es-  
20 tate shall be determined as provided in sec-  
21 tion 67(e) with the adjustments described  
22 in such paragraph.

23 “(C) REGULATIONS.—The Secretary may  
24 prescribe rules requiring or restricting the allo-  
25 cation of items and wages under this paragraph



1 and may prescribe such reporting requirements  
2 as the Secretary determines appropriate.”.

3 (9) Paragraph (3) of section 199(d) is amended  
4 to read as follows:

5 “(3) AGRICULTURAL AND HORTICULTURAL CO-  
6 OPERATIVES.—

7 “(A) DEDUCTION ALLOWED TO PA-  
8 TRONS.—Any person who receives a qualified  
9 payment from a specified agricultural or horti-  
10 cultural cooperative shall be allowed for the tax-  
11 able year in which such payment is received a  
12 deduction under subsection (a) equal to the por-  
13 tion of the deduction allowed under subsection  
14 (a) to such cooperative which is—

15 “(i) allowed with respect to the por-  
16 tion of the qualified production activities  
17 income to which such payment is attrib-  
18 utable, and

19 “(ii) identified by such cooperative in  
20 a written notice mailed to such person dur-  
21 ing the payment period described in section  
22 1382(d).

23 “(B) COOPERATIVE DENIED DEDUCTION  
24 FOR PORTION OF QUALIFIED PAYMENTS.—The  
25 taxable income of a specified agricultural or



1 horticultural cooperative shall not be reduced  
2 under section 1382 by reason of that portion of  
3 any qualified payment as does not exceed the  
4 deduction allowable under subparagraph (A)  
5 with respect to such payment.

6 “(C) TAXABLE INCOME OF COOPERATIVES  
7 DETERMINED WITHOUT REGARD TO CERTAIN  
8 DEDUCTIONS.—For purposes of this section,  
9 the taxable income of a specified agricultural or  
10 horticultural cooperative shall be computed  
11 without regard to any deduction allowable  
12 under subsection (b) or (c) of section 1382 (re-  
13 lating to patronage dividends, per-unit retain  
14 allocations, and nonpatronage distributions).

15 “(D) SPECIAL RULE FOR MARKETING CO-  
16 OPERATIVES.—For purposes of this section, a  
17 specified agricultural or horticultural coopera-  
18 tive described in subparagraph (F)(ii) shall be  
19 treated as having manufactured, produced,  
20 grown, or extracted in whole or significant part  
21 any qualifying production property marketed by  
22 the organization which its patrons have so man-  
23 ufactured, produced, grown, or extracted.

24 “(E) QUALIFIED PAYMENT.—For purposes  
25 of this paragraph, the term ‘qualified payment’



1 means, with respect to any person, any amount  
2 which—

3 “(i) is described in paragraph (1) or  
4 (3) of section 1385(a),

5 “(ii) is received by such person from  
6 a specified agricultural or horticultural co-  
7 operative, and

8 “(iii) is attributable to qualified pro-  
9 duction activities income with respect to  
10 which a deduction is allowed to such coop-  
11 erative under subsection (a).

12 “(F) SPECIFIED AGRICULTURAL OR HORTI-  
13 CULTURAL COOPERATIVE.—For purposes of  
14 this paragraph, the term ‘specified agricultural  
15 or horticultural cooperative’ means an organiza-  
16 tion to which part I of subchapter T applies  
17 which is engaged—

18 “(i) in the manufacturing, production,  
19 growth, or extraction in whole or signifi-  
20 cant part of any agricultural or horti-  
21 cultural product, or

22 “(ii) in the marketing of agricultural  
23 or horticultural products.”.

24 (10) Clause (i) of section 199(d)(4)(B) is  
25 amended—



1 (A) by striking “50 percent” and inserting  
2 “more than 50 percent”, and

3 (B) by striking “80 percent” and inserting  
4 “at least 80 percent”.

5 (11)(A) Paragraph (6) of section 199(d) is  
6 amended to read as follows:

7 “(6) COORDINATION WITH MINIMUM TAX.—For  
8 purposes of determining alternative minimum tax-  
9 able income under section 55—

10 “(A) the deduction under this section shall  
11 be determined without regard to any adjust-  
12 ments under sections 56 through 59, and

13 “(B) in the case of a corporation, sub-  
14 section (a)(1)(B) shall be applied by sub-  
15 stituting ‘alternative minimum taxable income’  
16 for ‘taxable income’.”.

17 (B) Paragraph (2) of section 199(a) is amended  
18 by striking “subsections (d)(1) and (d)(6)” and in-  
19 serting “subsection (d)(1)”.

20 (12) Subsection (d) of section 199 is amended  
21 by redesignating paragraph (7) as paragraph (8)  
22 and by inserting after paragraph (6) the following  
23 new paragraph:

24 “(7) UNRELATED BUSINESS TAXABLE IN-  
25 COME.—For purposes of determining the tax im-



1 posed by section 511, subsection (a)(1)(B) shall be  
2 applied by substituting ‘unrelated business taxable  
3 income’ for ‘taxable income’. ”.

4 (13) Subsection (d) of section 199, as amended  
5 by the preceding paragraphs of this subsection, is  
6 further amended by redesignating paragraph (8) as  
7 paragraph (9) and by inserting after paragraph (7)  
8 the following new paragraph:

9 “(8) COORDINATION WITH CARRYOVER OF NET  
10 OPERATING LOSS.—The deduction allowable under  
11 this section shall not be taken into account for pur-  
12 poses of computing taxable income under section  
13 172(b)(2).”.

14 (14) Paragraph (9) of section 199(d), as redес-  
15 igned by the preceding paragraphs of this sub-  
16 section, is amended by inserting “, including regula-  
17 tions which prevent more than 1 taxpayer from  
18 being allowed a deduction under this section with re-  
19 spect to any activity described in subsection  
20 (c)(4)(A)(i)” before the period at the end.

21 (15) Clause (i) of section 163(j)(6)(A) is  
22 amended by striking “and” at the end of subclause  
23 (II), by redesignating subclause (III) as subclause  
24 (IV), and by inserting after subclause (II) the fol-  
25 lowing new subclause:



1                   “(III) any deduction allowable  
2                   under section 199, and”.

3           (16) Paragraph (2) of section 170(b) is amend-  
4           ed by redesignating subparagraphs (C) and (D) as  
5           subparagraphs (D) and (E), respectively, and by in-  
6           serting after subparagraph (B) the following new  
7           subparagraph:

8                   “(C) section 199,”.

9           (17) Paragraph (1) of section 613A(d) is  
10          amended by redesignating subparagraphs (B), (C),  
11          and (D) as subparagraphs (C), (D), and (E), respec-  
12          tively, and by inserting after subparagraph (A) the  
13          following new subparagraph:

14                   “(B) any deduction allowable under section  
15                   199,”.

16          (18) Subsection (e) of section 102 of the Amer-  
17          ican Jobs Creation Act of 2004 is amended to read  
18          as follows:

19           “(e) EFFECTIVE DATE.—

20                   “(1) IN GENERAL.—The amendments made by  
21                   this section shall apply to taxable years beginning  
22                   after December 31, 2004.

23                   “(2) APPLICATION TO PASS-THRU ENTITIES,  
24                   ETC.—In determining the deduction under section  
25                   199 of the Internal Revenue Code of 1986 (as added



1 by this section), items arising from a taxable year of  
2 a partnership, S corporation, estate, or trust begin-  
3 ning before January 1, 2005, shall not be taken into  
4 account for purposes of subsection (d)(1) of such  
5 section. ”.

6 (b) AMENDMENTS RELATED TO SECTION 231 OF  
7 THE ACT.—

8 (1) Clause (ii) of section 1361(c)(1)(A) is  
9 amended by inserting “(and their estates)” after “all  
10 members of the family”.

11 (2) Subparagraph (C) of section 1361(c)(1) is  
12 amended to read as follows:

13 “(C) EFFECT OF ADOPTION, ETC.—For  
14 purposes of this paragraph, any legally adopted  
15 child of an individual, any child who is lawfully  
16 placed with an individual for legal adoption by  
17 the individual, and any eligible foster child of  
18 an individual (within the meaning of section  
19 152(f)(1)(C)), shall be treated as a child of  
20 such individual by blood.”.

21 (c) AMENDMENT RELATED TO SECTION 235 OF THE  
22 ACT.—Subsection (b) of section 235 of the American Jobs  
23 Creation Act of 2004 is amended by striking “taxable  
24 years beginning” and inserting “transfers”.



1 (d) AMENDMENTS RELATED TO SECTION 243 OF  
2 THE ACT.—

3 (1) Paragraph (7) of section 856(c) is amended  
4 to read as follows:

5 “(7) RULES OF APPLICATION FOR FAILURE TO  
6 SATISFY PARAGRAPH (4).—

7 “(A) IN GENERAL.— A corporation, trust,  
8 or association that fails to meet the require-  
9 ments of paragraph (4) (other than a failure to  
10 meet the requirements of paragraph (4)(B)(iii)  
11 which is described in subparagraph (B)(i) of  
12 this paragraph) for a particular quarter shall  
13 nevertheless be considered to have satisfied the  
14 requirements of such paragraph for such quar-  
15 ter if—

16 “(i) following the corporation, trust,  
17 or association’s identification of the failure  
18 to satisfy the requirements of such para-  
19 graph for a particular quarter, a descrip-  
20 tion of each asset that causes the corpora-  
21 tion, trust, or association to fail to satisfy  
22 the requirements of such paragraph at the  
23 close of such quarter of any taxable year is  
24 set forth in a schedule for such quarter



1 filed in accordance with regulations pre-  
2 scribed by the Secretary,

3 “(ii) the failure to meet the require-  
4 ments of such paragraph for a particular  
5 quarter is due to reasonable cause and not  
6 due to willful neglect, and

7 “(iii)(I) the corporation, trust, or as-  
8 sociation disposes of the assets set forth on  
9 the schedule specified in clause (i) within  
10 6 months after the last day of the quarter  
11 in which the corporation, trust or associa-  
12 tion’s identification of the failure to satisfy  
13 the requirements of such paragraph oc-  
14 curred or such other time period prescribed  
15 by the Secretary and in the manner pre-  
16 scribed by the Secretary, or

17 “(II) the requirements of such para-  
18 graph are otherwise met within the time  
19 period specified in subclause (I).

20 “(B) RULE FOR CERTAIN DE MINIMIS  
21 FAILURES.—A corporation, trust, or association  
22 that fails to meet the requirements of para-  
23 graph (4)(B)(iii) for a particular quarter shall  
24 nevertheless be considered to have satisfied the



1 requirements of such paragraph for such quar-  
2 ter if—

3 “(i) such failure is due to the owner-  
4 ship of assets the total value of which does  
5 not exceed the lesser of—

6 “(I) 1 percent of the total value  
7 of the trust’s assets at the end of the  
8 quarter for which such measurement  
9 is done, and

10 “(II) \$10,000,000, and

11 “(ii)(I) the corporation, trust, or asso-  
12 ciation, following the identification of such  
13 failure, disposes of assets in order to meet  
14 the requirements of such paragraph within  
15 6 months after the last day of the quarter  
16 in which the corporation, trust or associa-  
17 tion’s identification of the failure to satisfy  
18 the requirements of such paragraph oc-  
19 curred or such other time period prescribed  
20 by the Secretary and in the manner pre-  
21 scribed by the Secretary, or

22 “(II) the requirements of such para-  
23 graph are otherwise met within the time  
24 period specified in subclause (I).

25 “(C) TAX.—



1                   “(i) TAX IMPOSED.— If subparagraph  
2                   (A) applies to a corporation, trust, or asso-  
3                   ciation for any taxable year, there is here-  
4                   by imposed on such corporation, trust, or  
5                   association a tax in an amount equal to  
6                   the greater of—

7                               “(I) \$50,000, or

8                               “(II) the amount determined  
9                               (pursuant to regulations promulgated  
10                              by the Secretary) by multiplying the  
11                              net income generated by the assets  
12                              described in the schedule specified in  
13                              subparagraph (A)(i) for the period  
14                              specified in clause (ii) by the highest  
15                              rate of tax specified in section 11.

16                   “(ii) PERIOD.—For purposes of clause  
17                   (i)(II), the period described in this clause  
18                   is the period beginning on the first date  
19                   that the failure to satisfy the requirements  
20                   of such paragraph (4) occurs as a result of  
21                   the ownership of such assets and ending on  
22                   the earlier of the date on which the trust  
23                   disposes of such assets or the end of the  
24                   first quarter when there is no longer a fail-  
25                   ure to satisfy such paragraph (4).



1                   “(iii) ADMINISTRATIVE PROVISIONS.—  
2                   For purposes of subtitle F, the taxes im-  
3                   posed by this subparagraph shall be treat-  
4                   ed as excise taxes with respect to which the  
5                   deficiency procedures of such subtitle  
6                   apply.”.

7                   (2) Subsection (m) of section 856 is amended  
8                   by adding at the end the following new paragraph:

9                   “(6) TRANSITION RULE.—

10                   “(A) IN GENERAL.—Notwithstanding para-  
11                   graph (2)(C), securities held by a trust shall  
12                   not be considered securities held by the trust  
13                   for purposes of subsection (c)(4)(B)(iii)(III) if  
14                   such securities—

15                   “(i) were held by such trust on Octo-  
16                   ber 22, 2004, and continuously thereafter,  
17                   and

18                   “(ii) would not be taken into account  
19                   for purposes of such subsection by reason  
20                   of paragraph (7)(C) of subsection (c) (as  
21                   in effect on October 22, 2004) if the  
22                   amendments made by section 243 of the  
23                   American Jobs Creation Act of 2004 had  
24                   never been enacted.



1           “(B) RULE NOT TO APPLY TO SECURITIES  
2 HELD AFTER MATURITY DATE.—Subparagraph  
3 (A) shall not apply with respect to any security  
4 after the latest maturity date under the con-  
5 tract (as in effect on October 22, 2004) taking  
6 into account any renewal or extension permitted  
7 under the contract if such renewal or extension  
8 does not significantly modify any other terms of  
9 the contract.

10           “(C) SUCCESSORS.—If the successor of a  
11 trust to which this paragraph applies acquires  
12 securities in a transaction to which section 381  
13 applies, such trusts shall be treated as a single  
14 entity for purposes of determining the holding  
15 period of such securities under subparagraph  
16 (A)(i).”.

17           (3) Subparagraph (E) of section 857(b)(2) is  
18 amended by striking “section 856(c)(7)(B)(iii), and  
19 section 856(g)(1).” and inserting “section  
20 856(c)(7)(C), and section 856(g)(5)”.

21           (4) Subsection (g) of section 243 of the Amer-  
22 ican Jobs Creation Act of 2004 is amended to read  
23 as follows:

24           “(g) EFFECTIVE DATES.—



1           “(1) SUBSECTIONS (a) AND (b).—The amend-  
2           ments made by subsections (a) and (b) shall apply  
3           to taxable years beginning after December 31, 2000.

4           “(2) SUBSECTIONS (c) AND (e).—The amend-  
5           ments made by subsections (c) and (e) shall apply  
6           to taxable years beginning after the date of the en-  
7           actment of this Act.

8           “(3) SUBSECTION (d).—The amendment made  
9           by subsection (d) shall apply to transactions entered  
10          into after December 31, 2004.

11          “(4) SUBSECTION (f).—

12                 “(A) The amendment made by paragraph  
13                 (1) of subsection (f) shall apply to failures with  
14                 respect to which the requirements of subpara-  
15                 graph (A) or (B) of section 856(c)(7) of the In-  
16                 ternal Revenue Code of 1986 (as added by such  
17                 paragraph) are satisfied after the date of the  
18                 enactment of this Act.

19                 “(B) The amendment made by paragraph  
20                 (2) of subsection (f) shall apply to failures with  
21                 respect to which the requirements of paragraph  
22                 (6) of section 856(c) of the Internal Revenue  
23                 Code of 1986 (as amended by such paragraph)  
24                 are satisfied after the date of the enactment of  
25                 this Act.



1           “(C) The amendments made by paragraph  
2           (3) of subsection (f) shall apply to failures with  
3           respect to which the requirements of paragraph  
4           (5) of section 856(g) of the Internal Revenue  
5           Code of 1986 (as added by such paragraph) are  
6           satisfied after the date of the enactment of this  
7           Act.

8           “(D) The amendment made by paragraph  
9           (4) of subsection (f) shall apply to taxable years  
10          ending after the date of the enactment of this  
11          Act.

12          “(E) The amendments made by paragraph  
13          (5) of subsection (f) shall apply to statements  
14          filed after the date of the enactment of this  
15          Act.”.

16          (e) AMENDMENTS RELATED TO SECTION 244 OF  
17          THE ACT.—

18                 (1) Paragraph (2) of section 181(d) is amended  
19                 by striking the last sentence in subparagraph (A), by  
20                 redesignating subparagraph (B) as subparagraph  
21                 (C), and by inserting after subparagraph (A) the fol-  
22                 lowing new subparagraph:

23                         “(B) SPECIAL RULES FOR TELEVISION SE-  
24                         RIES.—In the case of a television series—



1 “(i) each episode of such series shall  
2 be treated as a separate production, and

3 “(ii) only the first 44 episodes of such  
4 series shall be taken into account.”.

5 (2) Subparagraph (C) of section 1245(a)(2) is  
6 amended by inserting “181,” after “179B,”.

7 (f) AMENDMENT RELATED TO SECTION 245 OF THE  
8 ACT.—Subsection (b) of section 45G is amended to read  
9 as follows:

10 “(b) LIMITATION.—The credit allowed under sub-  
11 section (a) for any taxable year shall not exceed the prod-  
12 uct of—

13 “(1) \$3,500, and

14 “(2) the sum of—

15 “(A) the number of miles of railroad track  
16 owned or leased by the eligible taxpayer as of  
17 the close of the taxable year, and

18 “(B) the number of miles of railroad track  
19 assigned for purposes of this subsection to the  
20 eligible taxpayer by a Class II or Class III rail-  
21 road which owns or leases such railroad track  
22 as of the close of the taxable year.

23 Any mile which is assigned by a taxpayer under  
24 paragraph (2)(B) may not be taken into account by  
25 such taxpayer under paragraph (2)(A).”.



1 (g) AMENDMENTS RELATED TO SECTION 248 OF  
2 THE ACT.—

3 (1) Subsection (c) of section 1356 is  
4 amended—

5 (A) by striking paragraph (3), and

6 (B) by adding at the end of paragraph (2)

7 the following new flush sentence:

8 “Such term shall not include any core qualifying activi-  
9 ties.”.

10 (2) The last sentence of section 1354(b) is  
11 amended by inserting “on or” after “only if made”.

12 (h) AMENDMENT RELATED TO SECTION 301 OF THE  
13 ACT.—Section 6427 is amended by striking subsection (f).

14 (i) AMENDMENT RELATED TO SECTION 314 OF THE  
15 ACT.—Paragraph (2) of section 55(c) is amended by strik-  
16 ing “regular tax” and inserting “regular tax liability”.

17 (j) AMENDMENTS RELATED TO SECTION 322 OF THE  
18 ACT.—

19 (1) Subparagraph (C) of section 49(a)(1) is  
20 amended by inserting “and” at the end of clause (i),  
21 by striking “and” at the end of clause (ii), and by  
22 striking clause (iii).

23 (2)(A) Subparagraph (B) of section 194(b)(1)  
24 is amended to read as follows:



1           “(B) DOLLAR LIMITATION.—The aggregate amount of reforestation expenditures which  
2           may be taken into account under subparagraph  
3           (A) with respect to each qualified timber prop-  
4           erty for any taxable year shall not exceed—

5                   “(i) except as provided in clause (ii)  
6                   or (iii), \$10,000,

7                   “(ii) in the case of a separate return  
8                   by a married individual (as defined in sec-  
9                   tion 7703), \$5,000, and  
10                   “(iii) in the case of a trust, zero.”.

11                   “(iii) in the case of a trust, zero.”.

12           (B) Paragraph (4) of section 194(c) is amended  
13           to read as follows:

14                   “(4) TREATMENT OF TRUSTS AND ESTATES.—

15           The aggregate amount of reforestation expenditures  
16           incurred by any trust or estate shall be apportioned  
17           between the income beneficiaries and the fiduciary  
18           under regulations prescribed by the Secretary. Any  
19           amount so apportioned to a beneficiary shall be  
20           taken into account as expenditures incurred by such  
21           beneficiary in applying this section to such bene-  
22           ficiary.”.

23           (3) Subparagraph (C) of section 1245(a)(2) is  
24           amended by striking “or 193” and inserting “193,  
25           or 194”.



1 (k) AMENDMENTS RELATED TO SECTION 336 OF  
2 THE ACT.—

3 (1) Clause (iv) of section 168(k)(2)(A) is  
4 amended by striking “subparagraphs (B) and (C)”  
5 and inserting “subparagraph (B) or (C)”.

6 (2) Clause (iii) of section 168(k)(4)(B) is  
7 amended by striking “and paragraph (2)(C)” and  
8 inserting “or paragraph (2)(C) (as so modified)”.

9 (l) AMENDMENT RELATED TO SECTION 402 OF THE  
10 ACT.—Paragraph (2) of section 904(g) is amended to read  
11 as follows:

12 “(2) OVERALL DOMESTIC LOSS.—For purposes  
13 of this subsection—

14 “(A) IN GENERAL.—The term ‘overall do-  
15 mestic loss’ means—

16 “(i) with respect to any qualified tax-  
17 able year, the domestic loss for such tax-  
18 able year to the extent such loss offsets  
19 taxable income from sources without the  
20 United States for the taxable year or for  
21 any preceding qualified taxable year by  
22 reason of a carryback, and

23 “(ii) with respect to any other taxable  
24 year, the domestic loss for such taxable  
25 year to the extent such loss offsets taxable



1 income from sources without the United  
2 States for any preceding qualified taxable  
3 year by reason of a carryback.

4 “(B) DOMESTIC LOSS.—For purposes of  
5 subparagraph (A), the term ‘domestic loss’  
6 means the amount by which the gross income  
7 for the taxable year from sources within the  
8 United States is exceeded by the sum of the de-  
9 ductions properly apportioned or allocated  
10 thereto (determined without regard to any  
11 carryback from a subsequent taxable year).

12 “(C) QUALIFIED TAXABLE YEAR.—For  
13 purposes of subparagraph (A), the term ‘quali-  
14 fied taxable year’ means any taxable year for  
15 which the taxpayer chose the benefits of this  
16 subpart. ”.

17 (m) AMENDMENT RELATED TO SECTION 403 OF THE  
18 ACT.—Section 403 of the American Jobs Creation Act of  
19 2004 is amended by adding at the end the following new  
20 subsection:

21 “(d) TRANSITION RULE.—If the taxpayer elects (at  
22 such time and in such form and manner as the Secretary  
23 of the Treasury may prescribe) to have the rules of this  
24 subsection apply—



1           “(1) the amendments made by this section shall  
2 not apply to taxable years beginning after December  
3 31, 2002, and before January 1, 2005, and

4           “(2) in the case of taxable years beginning after  
5 December 31, 2004, clause (iv) of section  
6 904(d)(4)(C) of the Internal Revenue Code of 1986  
7 (as amended by this section) shall be applied by sub-  
8 stituting ‘January 1, 2005’ for ‘January 1, 2003’  
9 both places it appears. ”.

10       (n) AMENDMENTS RELATED TO SECTION 413 OF  
11 THE ACT.—

12           (1) Subsection (b) of section 532 is amended by  
13 striking paragraph (2) and redesignating paragraphs  
14 (3) and (4) as paragraphs (2) and (3), respectively.

15           (2) Subsection (b) of section 535 is amended by  
16 adding at the end the following new paragraph:

17           “(10) CONTROLLED FOREIGN CORPORA-  
18 TIONS.—There shall be allowed as a deduction the  
19 amount of the corporation’s income for the taxable  
20 year which is included in the gross income of a  
21 United States shareholder under section 951(a). In  
22 the case of any corporation the accumulated taxable  
23 income of which would (but for this sentence) be de-  
24 termined without allowance of any deductions, the  
25 deduction under this paragraph shall be allowed and



1 shall be appropriately adjusted to take into account  
2 any deductions which reduced such inclusion.”.

3 (o) AMENDMENT RELATED TO SECTION 415 OF THE  
4 ACT.—Subparagraph (D) of section 904(d)(2) is amended  
5 by inserting “as in effect before its repeal” after “section  
6 954(f)”.

7 (p) AMENDMENTS RELATED TO SECTION 418 OF  
8 THE ACT.—

9 (1) The second sentence of section 897(h)(1) is  
10 amended—

11 (A) by striking “any distribution” and all  
12 that follows through “any class of stock” and  
13 inserting “any distribution by a real estate in-  
14 vestment trust with respect to any class of  
15 stock”, and

16 (B) by striking “the taxable year” and in-  
17 serting “the 1-year period ending on the date of  
18 the distribution”.

19 (2) Subsection (e) of section 418 of the Amer-  
20 ican Jobs Creation Act of 2004 is amended by strik-  
21 ing “taxable years beginning after the date of the  
22 enactment of this Act” and inserting “any distribu-  
23 tion by a real estate investment trust which is treat-  
24 ed as a deduction for a taxable year of such trust



1 beginning after the date of the enactment of this  
2 Act”.

3 (q) AMENDMENTS RELATED TO SECTION 422 OF  
4 THE ACT.—

5 (1) Subparagraph (B) of section 965(a)(2) is  
6 amended by inserting “from another controlled for-  
7 eign corporation in such chain of ownership” before  
8 “, but only to the extent”.

9 (2) Subparagraph (A) of section 965(b)(2) is  
10 amended by inserting “cash” before “dividends”.

11 (3) Paragraph (3) of section 965(b) is amended  
12 by adding at the end the following: “The Secretary  
13 may prescribe such regulations as may be necessary  
14 or appropriate to prevent the avoidance of the pur-  
15 poses of this paragraph, including regulations which  
16 provide that cash dividends shall not be taken into  
17 account under subsection (a) to the extent such divi-  
18 dends are attributable to the direct or indirect trans-  
19 fer (including through the use of intervening entities  
20 or capital contributions) of cash or other property  
21 from a related person (as so defined) to a controlled  
22 foreign corporation.”.

23 (4) Paragraph (1) of section 965(c) is amended  
24 to read as follows:



1           “(1) APPLICABLE FINANCIAL STATEMENT.—

2           The term ‘applicable financial statement’ means—

3                   “(A) with respect to a United States  
4                   shareholder which is required to file a financial  
5                   statement with the Securities and Exchange  
6                   Commission (or which is included in such a  
7                   statement so filed by another person), the most  
8                   recent audited annual financial statement (in-  
9                   cluding the notes which form an integral part  
10                  of such statement) of such shareholder (or  
11                  which includes such shareholder)—

12                           “(i) which was so filed on or before  
13                           June 30, 2003, and

14                           “(ii) which was certified on or before  
15                           June 30, 2003, as being prepared in ac-  
16                           cordance with generally accepted account-  
17                           ing principles, and

18                   “(B) with respect to any other United  
19                   States shareholder, the most recent audited fi-  
20                   nancial statement (including the notes which  
21                   form an integral part of such statement) of  
22                   such shareholder (or which includes such share-  
23                   holder)—

24                           “(i) which was certified on or before  
25                           June 30, 2003, as being prepared in ac-



1 cordance with generally accepted account-  
2 ing principles, and

3 “(ii) which is used for the purposes of  
4 a statement or report—

5 “(I) to creditors,

6 “(II) to shareholders, or

7 “(III) for any other substantial  
8 nontax purpose.”.

9 (5) Paragraph (2) of section 965(d) is amended  
10 by striking “properly allocated and apportioned” and  
11 inserting “directly allocable”.

12 (6) Subsection (d) of section 965 is amended by  
13 adding at the end the following new paragraph:

14 “(4) COORDINATION WITH SECTION 78.—Sec-  
15 tion 78 shall not apply to any tax which is not allow-  
16 able as a credit under section 901 by reason of this  
17 subsection.”.

18 (7) The last sentence of section 965(e)(1) is  
19 amended by inserting “which are imposed by foreign  
20 countries and possessions of the United States and  
21 are” after “taxes”.

22 (8) Subsection (f) of section 965 is amended by  
23 inserting “on or” before “before the due date”.

24 (F) AMENDMENTS RELATED TO SECTION 501 OF  
25 THE ACT.—



1           (1) Subparagraph (A) of section 164(b)(5) is  
2 amended to read as follows:

3           “(A) ELECTION TO DEDUCT STATE AND  
4 LOCAL SALES TAXES IN LIEU OF STATE AND  
5 LOCAL INCOME TAXES.—At the election of the  
6 taxpayer for the taxable year, subsection (a)  
7 shall be applied—

8                   “(i) without regard to the reference to  
9 State and local income taxes, and

10                   “(ii) as if State and local general sales  
11 taxes were referred to in a paragraph  
12 thereof.”.

13           (2) Clause (ii) of section 56(b)(1)(A) is amend-  
14 ed by inserting “or clause (ii) of section  
15 164(b)(5)(A)” before the period at the end.

16           (s) AMENDMENTS RELATED TO SECTION 708 OF  
17 THE ACT.—Section 708 of the American Jobs Creation  
18 Act of 2004 is amended—

19           (1) in subsection (a), by striking “contract com-  
20 mencement date” and inserting “construction com-  
21 mencement date”, and

22           (2) by redesignating subsection (d) as sub-  
23 section (e) and inserting after subsection (e) the fol-  
24 lowing new subsection:



1       “(d) CERTAIN ADJUSTMENTS NOT TO APPLY.—Sec-  
2 tion 481 of the Internal Revenue Code of 1986 shall not  
3 apply with respect to any change in the method of ac-  
4 counting which is required by this section.”.

5       (t) AMENDMENTS RELATED TO SECTION 710 OF THE  
6 ACT.—

7           (1) Clause (ii) of section 45(b)(4)(B) is amend-  
8 ed by striking “the date of the enactment of this  
9 Act” and inserting “January 1, 2005,”.

10          (2) Clause (ii) of section 45(c)(3)(A) is amend-  
11 ed by inserting “or any nonhazardous lignin waste  
12 material” after “cellulosic waste material”.

13          (3) Subsection (e) of section 45 is amended by  
14 striking paragraph (6).

15          (4)(A) Paragraph (9) of section 45(e) is amend-  
16 ed to read as follows:

17           “(9) COORDINATION WITH CREDIT FOR PRO-  
18 DUCING FUEL FROM A NONCONVENTIONAL  
19 SOURCE.—

20           “(A) IN GENERAL.—The term ‘qualified  
21 facility’ shall not include any facility which pro-  
22 duces electricity from gas derived from the bio-  
23 degradation of municipal solid waste if such  
24 biodegradation occurred in a facility (within the  
25 meaning of section 29) the production from



1 which is allowed as a credit under section 29  
2 for the taxable year or any prior taxable year.

3 “(B) REFINED COAL FACILITIES.—The  
4 term ‘refined coal production facility’ shall not  
5 include any facility the production from which  
6 is allowed as a credit under section 29 for the  
7 taxable year or any prior taxable year. ”.

8 (B) Subparagraph (C) of section 45(e)(8) is  
9 amended by striking “and (9)”.

10 (5) Subclause (I) of section 168(e)(3)(B)(vi) is  
11 amended to read as follows:

12 “(I) is described in subparagraph  
13 (A) of section 48(a)(3) (or would be  
14 so described if ‘solar and wind’ were  
15 substituted for ‘solar’ in clause (i)  
16 thereof and the last sentence of such  
17 section did not apply to such subpara-  
18 graph),”.

19 (6) Paragraph (4) of section 710(g) of the  
20 American Jobs Creation Act of 2004 is amended by  
21 striking “January 1, 2004” and inserting “January  
22 1, 2005”.

23 (u) AMENDMENT RELATED TO SECTION 801 OF THE  
24 ACT.—Paragraph (3) of section 7874(a) is amended to  
25 read as follows:



1           “(3) COORDINATION WITH SUBSECTION (b).—A  
2           corporation which is treated as a domestic corpora-  
3           tion under subsection (b) shall not be treated as a  
4           surrogate foreign corporation for purposes of para-  
5           graph (2)(A).”.

6           (v) AMENDMENTS RELATED TO SECTION 804 OF  
7 THE ACT.—

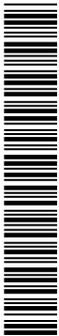
8           (1) Subparagraph (C) of section 877(g)(2) is  
9           amended by striking “section 7701(b)(3)(D)(ii)” and  
10          inserting “section 7701(b)(3)(D)”.

11          (2) Subsection (n) of section 7701 is amended  
12          to read as follows:

13          “(n) SPECIAL RULES FOR DETERMINING WHEN AN  
14 INDIVIDUAL IS NO LONGER A UNITED STATES CITIZEN  
15 OR LONG-TERM RESIDENT.—For purposes of this  
16 chapter—

17          “(1) UNITED STATES CITIZENS.—An individual  
18          who would (but for this paragraph) cease to be  
19          treated as a citizen of the United States shall con-  
20          tinue to be treated as a citizen of the United States  
21          until such individual—

22                  “(A) gives notice of an expatriating act  
23                  (with the requisite intent to relinquish citizen-  
24                  ship) to the Secretary of State, and



1           “(B) provides a statement in accordance  
2           with section 6039G (if such a statement is oth-  
3           erwise required).

4           “(2) LONG-TERM RESIDENTS.—A long-term  
5           resident (as defined in section 877(e)(2)) who would  
6           (but for this paragraph) be described in section  
7           877(e)(1) shall be treated as a lawful permanent  
8           resident of the United States and as not described  
9           in section 877(e)(1) until such individual—

10           “(A) gives notice of termination of resi-  
11           dency (with the requisite intent to terminate  
12           residency) to the Secretary of Homeland Secu-  
13           rity, and

14           “(B) provides a statement in accordance  
15           with section 6039G (if such a statement is oth-  
16           erwise required).”.

17           (w) AMENDMENT RELATED TO SECTION 811 OF THE  
18           ACT.—Subsection (c) of section 811 of the American Jobs  
19           Creation Act of 2004 is amended by inserting “and which  
20           were not filed before such date” before the period at the  
21           end.

22           (x) AMENDMENTS RELATED TO SECTION 812 OF  
23           THE ACT.—

24           (1) Subsection (b) of section 6662 is amended  
25           by adding at the end the following new sentence:



1 “Except as provided in paragraph (1) or (2)(B) of  
2 section 6662A(e), this section shall not apply to the  
3 portion of any underpayment which is attributable to  
4 a reportable transaction understatement on which a  
5 penalty is imposed under section 6662A.”

6 (2) Paragraph (2) of section 6662A(e) is  
7 amended to read as follows:

8 “(2) COORDINATION WITH OTHER PEN-  
9 ALTIES.—

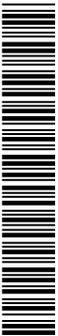
10 “(A) COORDINATION WITH FRAUD PEN-  
11 ALTY.—This section shall not apply to any por-  
12 tion of an understatement on which a penalty  
13 is imposed under section 6663.

14 “(B) COORDINATION WITH GROSS VALU-  
15 ATION MISSTATEMENT PENALTY.—This section  
16 shall not apply to any portion of an understate-  
17 ment on which a penalty is imposed under sec-  
18 tion 6662 if the rate of the penalty is deter-  
19 mined under section 6662(h).”.

20 (3) Subsection (f) of section 812 of the Amer-  
21 ican Jobs Creation Act of 2004 is amended to read  
22 as follows:

23 “(f) EFFECTIVE DATES.—

24 “(1) IN GENERAL.—Except as provided in para-  
25 graph (2), the amendments made by this section



1 shall apply to taxable years ending after the date of  
2 the enactment of this Act.

3 “(2) DISQUALIFIED OPINIONS.—Section  
4 6664(d)(3)(B) of the Internal Revenue Code of 1986  
5 (as added by subsection (c)) shall not apply to the  
6 opinion of a tax advisor if—

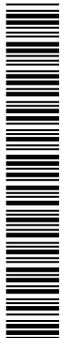
7 “(A) the opinion was provided to the tax-  
8 payer before the date of the enactment of this  
9 Act,

10 “(B) the opinion relates to one or more  
11 transactions all of which were entered into be-  
12 fore such date, and

13 “(C) the tax treatment of items relating to  
14 each such transaction was included on a return  
15 or statement filed by the taxpayer before such  
16 date.”.

17 (y) AMENDMENT RELATED TO SECTION 814 OF THE  
18 ACT.—Subparagraph (B) of section 6501(a)(10) is  
19 amended by striking “(as defined in section 6111)”.

20 (z) AMENDMENT RELATED TO SECTION 815 OF THE  
21 ACT.—Paragraph (1) of section 6112(b) is amended “(or  
22 was required to maintain a list under subsection (a) as  
23 in effect before the enactment of the American Jobs Cre-  
24 ation Act of 2004)” after “a list under subsection (a)”.



1 (aa) AMENDMENTS RELATED TO SECTION 832 OF  
2 THE ACT.—

3 (1) Subsection (e) of section 853 is amended to  
4 read as follows:

5 “(e) TREATMENT OF CERTAIN TAXES NOT ALLOWED  
6 AS A CREDIT UNDER SECTION 901.—This section shall  
7 not apply to any tax with respect to which the regulated  
8 investment company is not allowed a credit under section  
9 901 by reason of subsection (k) or (l) of such section.”.

10 (2) Clause (i) of section 901(l)(2)(C) is amend-  
11 ed by striking “if such security were stock”.

12 (bb) AMENDMENTS RELATED TO SECTION 833 OF  
13 THE ACT.—

14 (1) Subsection (a) of section 734 is amended by  
15 inserting “with respect to such distribution” before  
16 the period at the end.

17 (2) So much of subsection (b) of section 734 as  
18 precedes paragraph (1) is amended to read as fol-  
19 lows:

20 “(b) METHOD OF ADJUSTMENT.—In the case of a  
21 distribution of property to a partner by a partnership with  
22 respect to which the election provided in section 754 is  
23 in effect or with respect to which there is a substantial  
24 basis reduction, the partnership shall—”.



1 (cc) AMENDMENT RELATED TO SECTION 835 OF THE  
2 ACT.—Paragraph (3) of section 860G(a) is amended—

3 (1) in subparagraph (A)(iii)(I), by striking “the  
4 obligation” and inserting “a reverse mortgage loan  
5 or other obligation”, and

6 (2) by striking all that follows subparagraph  
7 (C) and inserting the following:

8 “For purposes of subparagraph (A), any obligation  
9 secured by stock held by a person as a tenant-stock-  
10 holder (as defined in section 216) in a cooperative  
11 housing corporation (as so defined) shall be treated  
12 as secured by an interest in real property. For pur-  
13 poses of subparagraph (A), any obligation originated  
14 by the United States or any State (or any political  
15 subdivision, agency, or instrumentality of the United  
16 States or any State) shall be treated as principally  
17 secured by an interest in real property if more than  
18 50 percent of such obligations which are transferred  
19 to, or purchased by, the REMIC are principally se-  
20 cured by an interest in real property (determined  
21 without regard to this sentence).”.

22 (dd) AMENDMENTS RELATED TO SECTION 836 OF  
23 THE ACT.—

24 (1) Paragraph (1) of section 334(b) is amended  
25 by striking “except that” and all that follows and in-



1       serting “except that, in the hands of such  
2       distributee—

3               “(A) the basis of such property shall be  
4               the fair market value of the property at the  
5               time of the distribution in any case in which  
6               gain or loss is recognized by the liquidating cor-  
7               poration with respect to such property, and

8               “(B) the basis of any property described in  
9               section 362(e)(1)(B) shall be the fair market  
10              value of the property at the time of the dis-  
11              tribution in any case in which such distributee’s  
12              aggregate adjusted basis of such property would  
13              (but for this subparagraph) exceed the fair  
14              market value of such property immediately  
15              after such liquidation.”.

16              (2) Clause (ii) of section 362(e)(2)(C) is  
17              amended to read as follows:

18                      “(ii) ELECTION.—Any election under  
19                      clause (i) shall be made at such time and  
20                      in such form and manner as the Secretary  
21                      may prescribe, and, once made, shall be ir-  
22                      revocable.”.

23              (ee) AMENDMENT RELATED TO SECTION 840 OF THE  
24              ACT.—Subsection (d) of section 121 is amended—



1           (1) by redesignating the paragraph (10) relat-  
2           ing to property acquired from a decedent as para-  
3           graph (11) and by moving such paragraph to the  
4           end of such subsection, and

5           (2) by amending the paragraph (10) relating to  
6           property acquired in like-kind exchange to read as  
7           follows:

8           “(10) PROPERTY ACQUIRED IN LIKE-KIND EX-  
9           CHANGE.—If a taxpayer acquires property in an ex-  
10          change with respect to which gain is not recognized  
11          (in whole or in part) to the taxpayer under sub-  
12          section (a) or (b) of section 1031, subsection (a)  
13          shall not apply to the sale or exchange of such prop-  
14          erty by such taxpayer (or by any person whose basis  
15          in such property is determined, in whole or in part,  
16          by reference to the basis in the hands of such tax-  
17          payer) during the 5-year period beginning with the  
18          date of such acquisition.”.

19          (ff) AMENDMENT RELATED TO SECTION 849 OF THE  
20          ACT.—Subsection (a) of section 849 of the American Jobs  
21          Creation Act of 2004 is amended by inserting “, and in  
22          the case of property treated as tax-exempt use property  
23          other than by reason of a lease, to property acquired after  
24          March 12, 2004” before the period at the end.



1 (gg) AMENDMENTS RELATED TO SECTION 853 OF  
2 THE ACT.—

3 (1) Subparagraph (C) of section 4081(a)(2) is  
4 amended by striking “for use in commercial avia-  
5 tion” and inserting “for use in commercial aviation  
6 by a person registered for such use under section  
7 4101”.

8 (2) So much of paragraph (2) of section  
9 4081(d) as precedes subparagraph (A) is amended  
10 to read as follows:

11 “(2) AVIATION FUELS.—The rates of tax speci-  
12 fied in clauses (ii) and (iv) of subsection (a)(2)(A)  
13 shall be 4.3 cents per gallon—”.

14 (hh) AMENDMENT RELATED TO SECTION 884 OF  
15 THE ACT.—Subparagraph (B) of section 170(f)(12) is  
16 amended by adding at the end the following new clauses:

17 “(v) Whether the donee organization  
18 provided any goods or services in consider-  
19 ation, in whole or in part, for the qualified  
20 vehicle.

21 “(vi) A description and good faith es-  
22 timate of the value of any goods or services  
23 referred to in clause (v) or, if such goods  
24 or services consist solely of intangible reli-



1                   gious benefits (as defined in paragraph  
2                   (8)(B)), a statement to that effect.”.

3           (ii) AMENDMENTS RELATED TO SECTION 885 OF  
4 THE ACT.—

5           (1) Paragraph (2) of section 26(b) is amended  
6           by striking “and” at the end of subparagraph (R),  
7           by striking the period at the end of subparagraph  
8           (S) and inserting “, and”, and by adding at the end  
9           the following new subparagraph:

10                   “(T)    subsections   (a)(1)(B)(i)   and  
11                   (b)(4)(A) of section 409A (relating to interest  
12                   and additional tax with respect to certain de-  
13                   ferred compensation).”.

14           (2) Clause (ii) of section 409A(a)(4)(C) is  
15           amended by striking “first”.

16           (3)(A) Notwithstanding section 885(d)(1) of the  
17           American Jobs Creation Act of 2004, subsection (b)  
18           of section 409A of the Internal Revenue Code of  
19           1986 shall take effect on January 1, 2005.

20           (B) Not later than 90 days after the date of the  
21           enactment of this Act, the Secretary of the Treasury  
22           shall issue guidance under which a nonqualified de-  
23           ferred compensation plan which is in violation of the  
24           requirements of section 409A(b) of such Code shall  
25           be treated as not having violated such requirements



1 if such plan comes into conformance with such re-  
2 quirements during such limited period as the Sec-  
3 retary may specify in such guidance.

4 (4) Subsection (f) of section 885 of the Amer-  
5 ican Jobs Creation Act of 2004 is amended by strik-  
6 ing “December 31, 2004” the first place it appears  
7 and inserting “January 1, 2005”.

8 (jj) AMENDMENTS RELATED TO SECTION 898 OF  
9 THE ACT.—

10 (1) Paragraph (3) of section 361(b) is amended  
11 by inserting “(reduced by the amount of the liabil-  
12 ities assumed (within the meaning of section  
13 357(c)))” before the period at the end.

14 (2) Paragraph (1) of section 357(d) is amended  
15 by inserting “section 361(b)(3),” after “section  
16 358(h),”.

17 (kk) AMENDMENT RELATED TO SECTION 899 OF  
18 THE ACT.—Subparagraph (A) of section 351(g)(3) is  
19 amended by adding at the end the following: “If there is  
20 not a real and meaningful likelihood that dividends beyond  
21 any limitation or preference will actually be paid, the pos-  
22 sibility of such payments will be disregarded in deter-  
23 mining whether stock is limited and preferred as to divi-  
24 dends.”.



1 (ll) AMENDMENT RELATED TO SECTION 902 OF THE  
2 ACT.—Paragraph (1) of section 709(b) is amended by  
3 striking “taxpayer” both places it appears and inserting  
4 “partnership”.

5 (mm) AMENDMENT RELATED TO SECTION 909 OF  
6 THE ACT.—Clause (ii) of section 451(i)(4)(B) is amended  
7 by striking “the close of the period applicable under sub-  
8 section (a)(2)(B) as extended under paragraph (2)” and  
9 inserting “December 31, 2006”.

10 (nn) EFFECTIVE DATE.—The amendments made by  
11 this section shall take effect as if included in the provisions  
12 of the American Jobs Creation Act of 2004 to which they  
13 relate.

14 **SEC. 3. AMENDMENTS RELATED TO THE WORKING FAMI-**  
15 **LIES TAX RELIEF ACT OF 2004.**

16 (a) AMENDMENT RELATED TO SECTION 201 OF THE  
17 ACT.—Paragraph (2) of section 152(e) is amended to read  
18 as follows:

19 “(2) REQUIREMENTS.—For purposes of para-  
20 graph (1), the requirements described in this para-  
21 graph are met if—

22 “(A) a decree of divorce or separate main-  
23 tenance or written separation agreement be-  
24 tween the parents applicable to the taxable year  
25 beginning in such calendar year provides that



1 the noncustodial parent shall be entitled to any  
2 deduction allowable under section 151 for such  
3 child, and in the case of such a decree or agree-  
4 ment executed before January 1, 1985, the  
5 noncustodial parent provides at least \$600 for  
6 the support of such child during such calendar  
7 year, or

8 “(B) the custodial parent signs a written  
9 declaration (in such manner and form as the  
10 Secretary may prescribe) that such parent will  
11 not claim such child as a dependent for such  
12 taxable year.

13 For purposes of subparagraph (A), amounts ex-  
14 pended for the support of a child or children shall  
15 be treated as received from the noncustodial parent  
16 to the extent that such parent provided amounts for  
17 such support.”.

18 (b) AMENDMENT RELATED TO SECTION 203 OF THE  
19 ACT.—Subparagraph (B) of section 21(b)(1) is amended  
20 by inserting “(as defined in section 152, determined with-  
21 out regard to subsections (b)(1), (b)(2), and (d)(1)(B))”  
22 after “dependent of the taxpayer”.

23 (c) AMENDMENT RELATED TO SECTION 207 OF THE  
24 ACT.—Subparagraph (A) of section 223(d)(2) is amended



1 by inserting “, determined without regard to subsections  
2 (b)(1), (b)(2), and (d)(1)(B) thereof” after “section 152”.

3 (d) EFFECTIVE DATE.—The amendments made by  
4 this section shall take effect as if included in the provisions  
5 of the Working Families Tax Relief Act of 2004 to which  
6 they relate.

7 **SEC. 4. AMENDMENTS RELATED TO THE JOBS AND**  
8 **GROWTH TAX RELIEF RECONCILIATION ACT**  
9 **OF 2003.**

10 (a) AMENDMENTS RELATED TO SECTION 201 OF  
11 THE ACT.—

12 (1) Clause (ii) of section 168(k)(4)(B) is  
13 amended to read as follows:

14 “(ii) which is—

15 “(I) acquired by the taxpayer  
16 after May 5, 2003, and before Janu-  
17 ary 1, 2005, but only if no written  
18 binding contract for the acquisition  
19 was in effect before May 6, 2003, or

20 “(II) acquired by the taxpayer  
21 pursuant to a written binding contract  
22 which was entered into after May 5,  
23 2003, and before January 1, 2005,  
24 and”.





1 **SEC. 7. AMENDMENTS RELATED TO THE TAXPAYER RELIEF**

2 **ACT OF 1997.**

3 (a) AMENDMENTS RELATED TO SECTION 1055 OF  
4 THE ACT.—

5 (1) The last sentence of section 6411(a) is  
6 amended by striking “6611(f)(3)(B)” and inserting  
7 “6611(f)(4)(B)”.

8 (2) Paragraph (4) of section 6601(d) is amend-  
9 ed by striking “6611(f)(3)(A)” and inserting  
10 “6611(f)(4)(A)”.

11 (b) AMENDMENT RELATED TO SECTION 1144 OF  
12 THE ACT.—Subparagraph (B) of section 6038B(a)(1) is  
13 amended by inserting “or” at the end.

14 (c) EFFECTIVE DATE.—The amendments made by  
15 this section shall take effect as if included in the provisions  
16 of the Taxpayer Relief Act of 1997 to which they relate.

17 **SEC. 8. CLERICAL CORRECTIONS.**

18 (a) Subparagraph (C) of section 2(b)(2) is amended  
19 by striking “subparagraph (C)” and inserting “subpara-  
20 graph (B)”.

21 (b) Subparagraph (E) of section 26(b)(2) is amended  
22 by striking “section 530(d)(3)” and inserting “section  
23 530(d)(4)”.

24 (c)(1) Subclause (II) of section 38(c)(2)(A)(ii) is  
25 amended by striking “or the New York Liberty Zone busi-  
26 ness employee credit or the specified credits” and inserting



1 “, the New York Liberty Zone business employee credit,  
2 and the specified credits”.

3 (2) Subclause (II) of section 38(c)(3)(A)(ii) is  
4 amended by striking “or the specified credits” and insert-  
5 ing “and the specified credits”.

6 (3) Subparagraph (B) of section 38(c)(4) is  
7 amended—

8 (A) by striking “includes” and inserting  
9 “means”, and

10 (B) by inserting “and” at the end of clause (i).

11 (d)(1) Subparagraph (A) of section 39(a)(1) is  
12 amended by striking “each of the 1 taxable years” and  
13 by inserting “the taxable year”.

14 (2) Subparagraph (B) of section 39(a)(3) is amended  
15 to read as follows:

16 “(B) paragraph (1) shall be applied by  
17 substituting ‘each of the 5 taxable years’ for  
18 ‘the taxable year’ in subparagraph (A) thereof,  
19 and”.

20 (e) Paragraph (5) of section 43(c) is amended to read  
21 as follows:

22 “(5) ALASKA NATURAL GAS.—For purposes of  
23 paragraph (1)(D)—

24 “(A) IN GENERAL.—The term ‘Alaska nat-  
25 ural gas’ means natural gas entering the Alaska



1 natural gas pipeline (as defined in section  
2 168(i)(16) (determined without regard to sub-  
3 paragraph (B) thereof)) which is produced from  
4 a well—

5 “(i) located in the area of the State of  
6 Alaska lying north of 64 degrees North  
7 latitude, determined by excluding the area  
8 of the Alaska National Wildlife Refuge (in-  
9 cluding the continental shelf thereof within  
10 the meaning of section 638(1)), and

11 “(ii) pursuant to the applicable State  
12 and Federal pollution prevention, control,  
13 and permit requirements from such area  
14 (including the continental shelf thereof  
15 within the meaning of section 638(1)).

16 “(B) NATURAL GAS.—The term ‘natural  
17 gas’ has the meaning given such term by sec-  
18 tion 613A(e)(2).”.

19 (f) Paragraph (2) of section 45I(a) is amended by  
20 striking “qualified credit oil production” and inserting  
21 “qualified crude oil production”.

22 (g) Subparagraph (E) of section 50(a)(2) is amended  
23 by striking “section 48(a)(5)” and inserting “section  
24 48(b)”.

25 (h)(1) Subsection (a) of section 62 is amended—



1 (A) by redesignating paragraph (19) (relating  
2 to costs involving discrimination suits, etc.), as  
3 added by section 703 of the American Jobs Creation  
4 Act of 2004, as paragraph (20), and

5 (B) by moving such paragraph after paragraph  
6 (19) (relating to health savings accounts).

7 (2) Subsection (e) of section 62 is amended by strik-  
8 ing “subsection (a)(19)” and inserting “subsection  
9 (a)(20)”.

10 (i) Paragraph (3) of section 167(f) is amended by  
11 striking “section 197(e)(7)” and inserting “section  
12 197(e)(6)”.

13 (j) Subparagraph (D) of section 168(i)(15) is amend-  
14 ed by striking “This paragraph shall not apply to” and  
15 inserting “Such term shall not include”.

16 (k) Paragraph (2) of section 221(d) is amended by  
17 striking “this Act” and inserting “the Taxpayer Relief Act  
18 of 1997”.

19 (l) Paragraph (8) of section 318(b) is amended by  
20 striking “section 6038(d)(2)” and inserting “section  
21 6038(e)(2)”.

22 (m) Subparagraph (B) of section 332(d)(1) is amend-  
23 ed by striking “distribution to which section 301 applies”  
24 and inserting “distribution of property to which section  
25 301 applies”.



1 (n) Paragraph (1) of section 415(l) is amended by  
2 striking “individual medical account” and inserting “indi-  
3 vidual medical benefit account”.

4 (o) The matter following clause (iv) of section  
5 415(n)(3)(C) is amended by striking “clauses” and insert-  
6 ing “clause”.

7 (p) Paragraph (12) of section 501(c) is amended—  
8 (1) by striking “subparagraph (C)(iii)” in sub-  
9 paragraph (F) and inserting “subparagraph  
10 (C)(iv)”, and

11 (2) by striking “subparagraph (C)(iv)” in sub-  
12 paragraph (G) and inserting “subparagraph (C)(v)”.

13 (q) Clause (ii) of section 501(c)(22)(B) is amended  
14 by striking “clause (ii) of paragraph (21)(B)” and insert-  
15 ing “clause (ii) of paragraph (21)(D)”.

16 (r) Paragraph (1) of section 512(b) is amended by  
17 striking “section 512(a)(5)” and inserting “subsection  
18 (a)(5)”.

19 (s)(1) Subsection (b) of section 512 is amended—

20 (A) by redesignating paragraph (18) (relating  
21 to the treatment of gain or loss on sale or exchange  
22 of certain brownfield sites), as added by section 702  
23 of the American Jobs Creation Act of 2004, as para-  
24 graph (19), and



1 (B) by moving such paragraph to the end of  
2 such subsection.

3 (2) Subparagraph (E) of section 514(b)(1) is amend-  
4 ed by striking “section 512(b)(18)” and inserting “section  
5 512(b)(19)”.

6 (t)(1) Subsection (b) of section 530 is amended by  
7 striking paragraph (3) and by redesignating paragraphs  
8 (4) and (5) as paragraphs (3) and (4), respectively.

9 (2) Clause (ii) of section 530(b)(2)(A) is amended by  
10 striking “paragraph (4)” and inserting “paragraph (3)”.

11 (u) Section 881(e)(1)(C) is amended by inserting “in-  
12 terest-related dividend received by a controlled foreign cor-  
13 poration” after “shall apply to any”.

14 (v) Clause (i) of section 954(e)(1)(C) is amended by  
15 striking “paragraph (4)(A)” and inserting “paragraph  
16 (5)(A)”.

17 (w) Subparagraph (F) of section 954(e)(1) is amend-  
18 ed by striking “Net income from notional principal con-  
19 tracts.” after “Income from notional principal con-  
20 tracts.—”.

21 (x) Paragraph (23) of section 1016(a) is amended by  
22 striking “1045(b)(4)” and inserting “1045(b)(3)”.

23 (y) Paragraph (1) of section 1256(f) is amended by  
24 striking “subsection (e)(2)(C)” and inserting “subsection  
25 (e)(2)”.



1 (z) The matter preceding clause (i) of section  
2 1031(h)(2)(B) is amended by striking “subparagraph”  
3 and inserting “subparagraphs”.

4 (aa) Paragraphs (1) and (2) of section 1375(d) are  
5 each amended by striking “subchapter C” and inserting  
6 “accumulated”.

7 (bb) Each of the following provisions are amended by  
8 striking “General Accounting Office” each place it ap-  
9 pears therein and inserting “Government Accountability  
10 Office”:

11 (1) Clause (ii) of section 1400E(c)(4)(A).

12 (2) Paragraph (1) of section 6050M(b).

13 (3) Subparagraphs (A), (B)(i), and (B)(ii) of  
14 section 6103(i)(8).

15 (4) Paragraphs (3)(C)(i), (4), (5), and (6)(B)  
16 of section 6103(p).

17 (5) Subsection (e) of section 8021.

18 (cc)(1) Clause (ii) of section 1400L(b)(2)(C) is  
19 amended by striking “section 168(k)(2)(C)(i)” and insert-  
20 ing “section 168(k)(2)(D)(i)”.

21 (2) Clause (iv) of section 1400L(b)(2)(C) is amended  
22 by striking “section 168(k)(2)(C)(iii)” and inserting “sec-  
23 tion 168(k)(2)(D)(iii)”.



1 (3) Subparagraph (D) of section 1400L(b)(2) is  
2 amended by striking “section 168(k)(2)(D)” and inserting  
3 “section 168(k)(2)(E)”.

4 (4) Subparagraph (E) of section 1400L(b)(2) is  
5 amended by striking “section 168(k)(2)(F)” and inserting  
6 “section 168(k)(2)(G)”.

7 (5) Paragraph (5) of section 1400L(c) is amended  
8 by striking “section 168(k)(2)(C)(iii)” and inserting “sec-  
9 tion 168(k)(2)(D)(iii)”.

10 (dd) Section 3401 is amended by redesignating sub-  
11 section (h) as subsection (g).

12 (ee) Paragraph (2) of section 4161(a) is amended to  
13 read as follows:

14 “(2) 3 PERCENT RATE OF TAX FOR ELECTRIC  
15 OUTBOARD MOTORS.—In the case of an electric out-  
16 board motor, paragraph (1) shall be applied by sub-  
17 stituting ‘3 percent’ for ‘10 percent’.”.

18 (ff) Subparagraph (C) of section 4261(e)(4) is  
19 amended by striking “imposed subsection (b)” and insert-  
20 ing “imposed by subsection (b)”.

21 (gg) Subsection (a) of section 4980D is amended by  
22 striking “plans” and inserting “plan”.

23 (hh) The matter following clause (iii) of section  
24 6045(e)(5)(A) is amended by striking “for ‘\$250,000’.”  
25 and all that follows through “to the Treasury.” and insert-



1 ing “for ‘\$250,000’. The Secretary may by regulation in-  
2 crease the dollar amounts under this subparagraph if the  
3 Secretary determines that such an increase will not mate-  
4 rially reduce revenues to the Treasury.”.

5 (ii) Subsection (p) of section 6103 is amended—

6 (1) by striking so much of paragraph (4) as  
7 precedes subparagraph (A) and inserting the fol-  
8 lowing:

9 “(4) SAFEGUARDS.—Any Federal agency de-  
10 scribed in subsection (h)(2), (h)(5), (i)(1), (2), (3),  
11 (5), or (7), (j)(1), (2), or (5), (k)(8), (l)(1), (2), (3),  
12 (5), (10), (11), (13), (14), or (17) or (o)(1), the  
13 Government Accountability Office, the Congressional  
14 Budget Office, or any agency, body, or commission  
15 described in subsection (d), (i)(3)(B)(i) or 7(A)(ii),  
16 or (l)(6), (7), (8), (9), (12), (15), or (16) or any  
17 other person described in subsection (l)(16), (18),  
18 (19), or (20) shall, as a condition for receiving re-  
19 turns or return information—”,

20 (2) by amending paragraph (4)(F)(i) to read as  
21 follows:

22 “(i) in the case of an agency, body, or  
23 commission described in subsection (d),  
24 (i)(3)(B)(i), or (l)(6), (7), (8), (9), or (16),  
25 or any other person described in subsection



1 (l)(16), (18), (19), or (20) return to the  
2 Secretary such returns or return informa-  
3 tion (along with any copies made there-  
4 from) or make such returns or return in-  
5 formation undisclosable in any manner and  
6 furnish a written report to the Secretary  
7 describing such manner,” and

8 (3) by striking the first full sentence in the  
9 matter following subparagraph (F) of paragraph (4)  
10 and inserting the following: “If the Secretary deter-  
11 mines that any such agency, body, or commission,  
12 including an agency or any other person described in  
13 subsection (l)(16), (18), (19), or (20), or the Gov-  
14 ernment Accountability Office or the Congressional  
15 Budget Office, has failed to, or does not, meet the  
16 requirements of this paragraph, he may, after any  
17 proceedings for review established under paragraph  
18 (7), take such actions as are necessary to ensure  
19 such requirements are met, including refusing to dis-  
20 close returns or return information to such agency,  
21 body, or commission, including an agency or any  
22 other person described in subsection (l)(16), (18),  
23 (19), or (20), or the Government Accountability Of-  
24 fice or the Congressional Budget Office, until he de-



1           termines that such requirements have been or will be  
2           met.”.

3           (jj) Clause (ii) of section 6111(b)(1)(A) is amended  
4           by striking “advice or assistance” and inserting “aid, as-  
5           sistance, or advice”.

6           (kk) Section 6427 is amended by striking subsection  
7           (o) and by redesignating subsection (p) as subsection (o).

8           (ll) Paragraph (3) of section 6662(d) is amended by  
9           striking “the” before “1 or more”.

10   **SEC. 9. OTHER CORRECTIONS RELATED TO THE AMERICAN**  
11                           **JOBS CREATION ACT OF 2004.**

12           (a) AMENDMENTS RELATED TO SECTION 233 OF  
13   THE ACT.—

14                   (1) Clause (vi) of section 1361(c)(2)(A) is  
15           amended—

16                           (A) by inserting “or a depository institu-  
17                           tion holding company (as defined in section  
18                           3(w)(1) of the Federal Deposit Insurance Act  
19                           (12 U.S.C. 1813(w)(1))” after “a bank (as de-  
20                           fined in section 581)”, and

21                           (B) by inserting “or company” after “such  
22                           bank”.

23                   (2) Paragraph (16) of section 4975(d) is  
24           amended—



1 (A) in subparagraph (A), by inserting “or  
2 a depository institution holding company (as de-  
3 fined in section 3(w)(1) of the Federal Deposit  
4 Insurance Act (12 U.S.C. 1813(w)(1))” after  
5 “a bank (as defined in section 581)”, and

6 (B) in subparagraph (C), by inserting “or  
7 company” after “such bank”.

8 (b) AMENDMENT RELATED TO SECTION 237 OF THE  
9 ACT.—Subparagraph (F) of section 1362(d)(3) is amend-  
10 ed by striking “a bank holding company” and all that fol-  
11 lows through “section 2(p) of such Act)” and inserting  
12 “a depository institution holding company (as defined in  
13 section 3(w)(1) of the Federal Deposit Insurance Act (12  
14 U.S.C. 1813(w)(1))”.

15 (c) AMENDMENTS RELATED TO SECTION 239 OF  
16 THE ACT.—Paragraph (3) of section 1361(b) is  
17 amended—

18 (1) in subparagraph (A), by striking “and in  
19 the case of information returns required under part  
20 III of subchapter A of chapter 61”, and

21 (2) by adding at the end the following new sub-  
22 paragraph:

23 “(E) INFORMATION RETURNS.—Except to  
24 the extent provided by the Secretary, this para-  
25 graph shall not apply to information returns



1           made by a qualified subchapter S subsidiary  
2           under part III of subchapter A of chapter 61.”.

3       (d) **EFFECTIVE DATE.**—The amendments made by  
4 this section shall take effect as if included in the provisions  
5 of the American Jobs Creation Act of 2004 to which they  
6 relate.

